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Item 5 of the provisional agenda

INDUSTRIALIZATION OF THE LEAST DEVELOPED COUNTRIES

Report by the Director-General

Reports on the progress of implementation of General Conference resolution GC.7/Res.4, in compliance with paragraph 4 of that resolution.

Introduction

1. This document is presented in accordance with the request of the General Conference to submit to its eighth session, through the Industrial Development Board, a progress report on the implementation of resolution GC.7/Res.4. It should be considered in conjunction with the progress report on the implementation of the least developed countries (LDC) programme issued to the Board at its nineteenth session (IDB.19/8) as well as the Annual Report of UNIDO 1998 (IDB.21/10, chap. III.C, and IDB.21/11, appendix D).

I. COUNTRY-SPECIFIC ACTIVITIES

2. As a follow-up to the joint communiqué signed by the Director-General and the Minister of National Industry of Sudan (Vienna, November 1998), a UNIDO multi-disciplinary team visited Sudan in December 1998 and held intensive discussions with government authorities as well as with counterparts in the public and private sector. The result was the identification and formulation of the large-scale integrated programme for capacity-building to enhance industrial competitiveness and sustainability in Sudan, with emphasis on small and medium enterprises and agro-industries. The programme is valued at $7.09 million.

3. As an essential prerequisite to the development of integrated programmes, preparations are under way for formulation missions to a further 10 LDCs. The countries envisaged are Burundi, Ethiopia, Eritrea, Lao People's Democratic Republic, Lesotho, Mali, Mozambique, Madagascar, Togo and Yemen, for which team missions are foreseen from April to July 1999. A total of $35 to $40 million is expected to be programmed for these countries for funding by potential donors.

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4. UNIDO is awaiting official approval from the United Nations Development Programme for a preparatory assistance project for the formulation of an industrial development strategy for Lao People's Democratic Republic. This SPPD (support services for policy and programme development) project will include an industrial sector review, which could constitute a major input for the UNIDO integrated programme to be developed in June 1999 for that country.

5. In cooperation with the International Jute Organization, a new project has been developed in Bangladesh for UNIDO execution that will focus on the bio-technological application of enzymes for making pulp and paper from green jute/kenaf. Approved for financing by the Common Fund for Commodities, the European Union and the Government of France ($1.5 million), the project will lead to sustained demand for raw jute, thereby safeguarding the interests of a large number of jute farmers.

6. Implementation has just started of a project on pollution control and treatment of tannery effluents in Dhaka, Bangladesh, funded by the Government of Switzerland (over $650,000). The project aims at assisting the leather industry in reducing environmental degradation through the management of waste and chemicals, reduction of overall water consumption, and design of a common effluent treatment plant for the Hazaribagh tannery cluster, and includes an environmental impact assessment study.

7. Implementation of a project on the establishment of tannery effluent treatment facilities in Nepal, funded by the Government of Austria (over $600,000), is entering its final stage. As part of the UNIDO regional programme of pollution control in the tanning industry in South-East Asia, the project is aimed at introducing environment friendly processes to private sector tanneries.

II. REGIONAL AND GLOBAL ACTIVITIES

8. Within the framework of a regional preparatory assistance project being considered for financial approval under a special-purpose contribution to the Industrial Development Fund (IDF), a survey will be made to assess the needs of six African LDCs (Benin, Central African Republic, Chad, Mali, Niger, Togo) for investment promotion activities. Based on the results of the needs assessment, integrated programmes for each country will be prepared for further consideration under trust fund resources.

9. A training seminar is being arranged for 15 participants from eight African countries (including six LDCs) on food safety in fruit and vegetable processing in Budapest in October 1999. Financed under Hungary's voluntary contribution to IDF, the seminar will provide a complementary input to UNIDO's integrated programmes already approved for Uganda and the United Republic of Tanzania, as well as those being prepared for Ethiopia, Mozambique and Zimbabwe.

10. A regional project on the improvement of good manufacturing practices in the manufacture of essential drugs in African countries, including four LDCs (Eritrea, Ethiopia, Uganda and the United Republic of Tanzania), was recently approved under the voluntary contribution of Hungary to IDF ($76,000). The project provides a one-month study tour for production and quality assurance managers from essential drugs manufacturing enterprises and drug inspectors to a small-scale generic pharmaceutical manufacturer in Hungary.

11. UNIDO is actively involved, together with other agencies such as the Multilateral Investment Guarantee Agency, United Nations Development Programme, United Nations Office for Project Services, United Nations Economic Commission for Africa and United Nations Conference on Trade and Development, in the preparation of an Asia-Africa Business Forum to be convened in Malaysia in November 1999. The Forum will serve as a platform to enhance international partnership through investment, *inter alia*, in the industrial sector in African countries, including the 33 LDCs.

12. As a related activity, UNIDO is currently finalizing a project document on the establishment of an Asian-African investment and technology promotion centre in Malaysia, in accordance with a concept adopted by the Tokyo International Conference on African Development (TICAD-II) at Tokyo in October 1998 and announced by the Prime Minister of Japan on that occasion. Financed by Japan under a trust fund arrangement and executed by UNIDO, the project will promote and encourage private sector investment from Asia to Africa, including African LDCs. Utilizing trust funds contributed by the Government of Japan (approximately $850,000), UNIDO will play a leading role by providing relevant investment promotion information in Africa, dispatching Asian industrial specialists to Africa and holding seminars for investment promotion officers from African countries as well as Asian businessmen. As part of its activities, the centre will develop a website/database on investment and technology transfer information in Africa for dissemination to Asian countries aimed at generating investment flows to African countries.

III. ACTION REQUIRED OF THE BOARD

13. The Board may wish to take note of the information contained in the present document.